

SENATE BILL REPORT

SHB 1958

As of Second Reading

Title: An act relating to the interstate bridge replacement toll bond authority.

Brief Description: Concerning the interstate bridge replacement toll bond authority.

Sponsors: House Committee on Transportation (originally sponsored by Representatives Fey, Wylie and Zahn; by request of Department of Transportation).

Brief History: Passed House: 4/18/25, 61-35.

Committee Activity:

Brief Summary of Bill

- Allows for the issuance of up to \$2.5 billion of bonds for the design, right-of-way, and construction of the Interstate 5 Bridge Replacement Project.
- Provides that bonds may be issued as either triple backed—meaning backed by tolls first, then the gas tax and vehicle fees, then the full faith and credit of the state; or as toll-only backed.

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Background: The Interstate Bridge Replacement Project. The The Interstate Bridge Replacement (IBR) Project is a bi-state project to replace the Interstate 5 bridge—and surrounding connections—that crosses from Washington to Oregon. One bridge structure carries traffic northbound to Vancouver, and the other bridge structure carries traffic southbound to Portland. The northbound bridge was built in 1917, and the southbound bridge was built in 1958.

Tolls. Tolls have been conditionally authorized on the IBR and are assumed to contribute to

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a portion of the cost of the project. Tolls are assumed to be used as a cash source and also bonded against in the most recent financial planning documents for the project.

Tolls may not be collected on the IBR until:

- the secretary of transportation certifies there is a sufficient federal funding plan and sufficient state and local funds are available to complete the IBR; and
- the bistate agreement between the Washington and Oregon Transportation Commissions, that will set toll rates has taken effect—this bistate agreement is currently in effect.

Bonding. Transportation bonds are issued to fund transportation capital projects that have a long-term expected life span. Washington State typically issues 25-year bonds. Bonding authority must be authorized by 60 percent of the Legislature and the proceeds from the sale of the bonds must be appropriated for eligible transportation projects. Bonds can be backed by a variety of revenues, including tolls, the gas tax and vehicle related fees, general state revenues, or a combination thereof. Bond authorization legislation generally specifies the account or accounts into which bond sale proceeds are deposited, as well as the source of debt service payments. When debt service payments are due, the state treasurer withdraws the amounts necessary to make the payments from the identified account and deposits these funds into a specific bond retirement account.

The State Finance Committee, composed of the Governor, the Lieutenant Governor, and the state treasurer, must approve all issuances of state bonds and establishes the terms, conditions and manner of sale.

Summary of Bill: Bonding of up to \$2.5 billion is authorized for the design, right-of-way, and construction of the IBR, with all proceeds from the sale of any such bonds to be deposited in the IBR Account. The bonds are authorized as triple backed bonds, which are general obligation bonds of the state. First, payable from toll revenues. Then, excise taxes on fuel and vehicle-related fees. Last, backed by the full faith and credit of the state. The State Finance Committee is authorized to issue these bonds as toll-only backed bonds, if it will be beneficial to the state to do so. The maximum amount of issuance is \$2.5 billion regardless of the type of bonds.

No bonds may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds. The treasurer is authorized to transfer amounts needed to the Interstate 5 Bridge Replacement Project Toll Facility Bond Retirement Account to pay debt service.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.